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In the Supreme Court of the United States

OCTOBER TERM, 1970.

No. _____.

THE BARR RUBBER PRODUCTS COMPANY,
Petitioner,

v.

THE SUN RUBBER COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI To the United States Court of Appeals For the Second Circuit.

The petitioner, The Barr Rubber Products Company (hereafter "Barr") respectfully prays that a writ of certiorari issue to review the judgment and opinion, entered in this proceeding on April 30, 1970, of the United States Court of Appeals for the Second Circuit (hereafter "the Court of Appeals" unless otherwise apparent from context).

OPINIONS BELOW.

The opinion of the Court of Appeals appears in the appendix hereto[1] and is, as of this writing, reported only at 165 U. S. Patents Quarterly 429-438. Also appearing in the appendix are prior opinions and orders dealt with or involved in the Court of Appeals' decision, namely,

[1] Commencing at A1; the judgment follows at A25. The prefix "A" and following number or numbers indicate, here and elsewhere in this petition, the page or pages of the accompanying appendix at which the cited matter appears or commences.

(a) of the United States District Court for the Southern District of New York (the District Court below) on (i) attorney's fees in exceptional patent cases [Jan. 10, 1968], 279 F. Supp. 49 (A26), (ii) rehearing [Nov. 21, 1967] 156 U.S.P.Q. 392 (A32), (iii) issues tried [October 20, 1967] 277 F. Supp. 484 (A37), (iv) denial of summary judgment under 35 U.S.C. §§ 184, 185 [Mar. 9, 1966] 253 F. Supp. 12 (A81), (v) denial of production of document (unreported Sept. 28, 1965 docket entry, A103), (vi) denial, inter alia, of Barr's motion to amend complaint and join anti-trust defendants (unreported August 11, 1965 decision, A104); and (vii) vacation, following remand, of prior order quashing service and dismissing complaint as to respondent Sun for want of venue (unreported Nov. 14, 1961 decision, A107) and

(b) Relevant portions of the prior adjudication of the patent in suit in *National Latex Products Co. v. Sun Rubber Co.* (CA 6, 1959) 274 F.2d 224 (A109).

JURISDICTION.

The judgment of the Court of Appeals for the Second Circuit was entered April 30, 1970 and this petition for certiorari was filed within 90 days of that date. This Court's jurisdiction is vested by 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED.

1. Whether, in non-jury patent infringement litigation, a trial court is restricted, before it may properly find perjury and fraud in the procuring and maintenance of the patent, to a higher quantum of proof than generally obtaining in a civil case for finding perjury and fraud.

2. Whether, in such litigation, it is reversible error, warranting remand for retrial of all issues relating to patentability, for the trial court, after finding the patent invalid under 35 U.S.C. §§ 102 and 103, to fail to announce the standard of proof applied in also finding the patent unenforceable because (a) of perjury and fraud perpetrated before it and (b) some of such fraud had tainted a prior adjudication of the patent so as to render such adjudication weightless.

3. Is it not a proper exercise of investigatorial powers of a Federal Court—in ascertaining (a) whether a prior appellate adjudication of validity of a patent had also been tainted with fraudulent evidence presented by the patentee and (b) the recentness of the patentee's assertion of the scope of his patent claims—to refer (a) to the reported decision and (b) the printed record and briefs on file in the appellate court?

Other questions begged by the Court of Appeals affirmation, in part, of decisions and orders of the District Court are:

4. Is the Commissioner of Patents authorized to grant, in the face of 35 U.S.C. § 185, a retroactive license to file a corresponding foreign patent application after the U. S. patent has issued, and, if so, (a) may he grant it upon the *ex parte* application of the patentee after the validity of the patent has been challenged under said section by an accused infringer and (b) does such defective patent, re-

validated after issue, escape the doctrine of intervening rights?

5. Is it not in violation of the anti-trust laws for a patentee of a widely non-exclusively licensed process to agree with one favored licensee that such licensee will have the exclusive right to make a type of unpatented products by such process, thereby eliminating competition in such products both between such favored licensee, the licensor, and other licensees and among such other licensees?

If this petition is granted, the related questions begged by the appellate decision to be reviewed are footnoted below.[*]

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[*] 6. May a supplier of unpatented materials to a patentee lawfully grant a rebate on such materials by terming the rebate a "royalty" under a patent license to the supplier who was a prior user and knew of other invalidating prior art?

7. Is it not a violation of the anti-trust laws for the patentee of a process to condition a license to practice the process upon the purchase of machinery (unpatented or separately patented) for practicing it from the patentee or machinery manufacturers designated by such patentee?

8. Does not perjury in a representation made to the Patent Office to obtain a patent and deliberate perjuries and fraud before the Court in an attempt by the patentee to enforce the patent against a direct competitor constitute *per se* violation of the anti-trust laws?

9. Is merely prospective trial (in four months or so) sufficient ground for refusing amendment of the complaint to name and join unnamed but otherwise previously identified prospective co-defendants when an anti-trust plaintiff discovers evidence that supports allegations accusing one of anti-trust law violations and suppression of evidence that invalidates the patent in suit and that another was subject to the venue of the court (despite prior deposition testimony to the contrary) and promptly moves for joinder?

10. Is either mere prospective imminence of trial or prejudging that an anti-trust claim is insubstantial sufficient ground for refusing pre-trial production of a document calculated to be or lead to admissible evidence relative to the claim?

(Continued on following page)

RULES OF PROCEDURE AND PROVISIONS OF THE STATUTES INVOLVED.

The appendix hereto reproduces Federal Rules of Civil Procedure 19, 20, 21, and 52(a) [A120-124] and the pertinent provisions of the United States patent laws, namely, 35 U.S.C. §§ 102, 103, 184, 185, and 285 [A124-128] and anti-trust laws, namely, 15 U.S.C. §§ 1, 2, and 14 [A128-129].

STATEMENT OF CASE.

1. SUMMARY OF PROCEEDINGS LEADING TO, AND ESSENCE OF, TWO PRINCIPAL OPPOSING DECISIONS BELOW.

This protracted suit, complicated by many issues (15,346 page record, exclusive of hundreds of documentary and physical exhibits) is summarized as follows:

The patent in suit, No. 2,629,134, was granted in 1953 to respondent, Sun Rubber Co. (hereafter "Sun") as assignee of Molitor, whose application was filed in 1950. It relates to a "rotational casting" process of producing hollow articles, e.g., toys and industrial and household products, with plasticized vinyl. If in the form of a "plastisol," this is a rubbery plastic that has largely replaced the rubber latex with which many such articles were formerly rotationally cast. Plastisols were developed in Europe during World War II; their properties and behavior during casting were published in the United States as early as 1944. The patent is reproduced at A133-136.

(Continued from preceding page)

11. In computing "reasonable attorneys' fees" awarded under 35 U.S.C. § 285 to the prevailing party on patent infringement issues, what are permissible deductions—particularly, after discounting the estimated time spent by the prevailing party's attorneys in non-productive efforts and on non-patent issues (e.g., anti-trust issues), may the unsuccessful party on patent issues also be credited with estimated fees for its successful defense of anti-trust issues?

12. Was the Molitor patent valid, and, if so, was it infringed by Barr?

In 1959 in *National Latex* (274 F.2d 224) the patent was sustained in the Sixth Circuit (with a dissenting opinion) as valid, directly infringed by a ball manufacturer (National Latex) and contributorily infringed by the manufacturer (Akron Presform Mold) of the production machinery used by the direct infringer.

On November 3, 1960, Barr filed the suit below in the Southern District of New York. Declaratory judgment of the Molitor patent was sought; unfair competition by Sun and anti-trust law violation by Sun and others was also claimed. Jurisdiction and venue were alleged under 15 U.S.C. 15 and 28 U.S.C. 1338, 1391 (c), 2201, and 2202. After remand from the Second Circuit Court of Appeals, the Court held it had venue and in 1962 Sun counterclaimed for infringement.

From this outset (somewhat complicated by Sun's duly and eventually dismissed countersuits in Ohio and New York), the suit has continued to be strenuously contested, with extensive pre-trial discovery and motions.

A seven-week trial below commenced in December, 1966; it mainly related to the validity and enforceability of the Molitor patent. In addition to issues of obviousness and anticipation, Sun claimed that the date when Molitor arrived at the claimed process could be carried back of the June, 1950 filing date of the patent to April, 1948; testimony in support of this claim and documents relating to it took up a substantial part of the trial.

(a) Trial Court decision; finding of fraud and perjury on behalf of patentee.

The trial Court found [277 F. Supp. 484 (1967), Frankel, J. (A37-80)] the patent invalid, being both obvious and anticipated, under 35 U.S.C. §§ 103 and 102, in view of extensive evidence and testimony reported in

the decision; Barr's unfair competition and anti-trust claims were dismissed.

Sun's counterclaim for infringement was also dismissed because of attempted fraud on the Court through a deliberately organized scheme of fabrication with respect to Molitor's claimed date of invention (April, 1948), involving perjury by Molitor, his erstwhile laboratory chief, and Sun's president, Smith. This finding was based on analysis of documentary evidence as well as the demeanor of these witnesses, as reported in the trial Court's decision. Further, the *National Latex* decision indicated (at 274 F.2d 232-233) reliance on some of such evidence (e.g., Trial Ex. OO [A137-138], a 1948 laboratory report "raised" by marginal notes, admitted below to be anachronistic with respect to the date of the document and "probably" entered in preparation for the 1957 *National Latex* trial in Cleveland). Accordingly, the trial Court below held the prior appellate decision to be less than binding on it, irrespective of the evidence of statutory invalidity other and differing from that reported in *National Latex*. (See A62-73 for the trial Court's findings of defendant's [Sun's] fabrications and consequences thereof.)

After rehearing and award of counsel fees under 35 U.S.C. 285 to Barr, Sun appealed the findings of invalidity and unenforceability of the Molitor patent. Barr cross-appealed with respect to certain interlocutory decisions before trial; the finding of infringement of the Molitor patent, if valid; dismissal of its anti-trust and unfair competition claims; and the diminution of counsel fees.

(b) Appellate reversal in part, on perjury; remand.

The appeals below were heard on June 4, 1969 and decided [A1-25] on April 30, 1970. The suit is remanded for retrial of all issues of patentability, on the premise (Appellate Decision, Sec. I) that "the finding of perjury

influenced the [trial] court's disposition of the other two questions, obviousness and anticipation." [A8]. Without reporting any consideration of whether the evidence relating to these two statutory grounds would support the conclusions of invalidity in any event, the balance of the decision (Secs. II-IV, A9-22) is principally devoted to the perjury issue.[4]

The Court of Appeals was troubled (Sec. II) by the trial Court's "failure" to announce the standard of proof upon which the finding of fraud and perjury was based; it held that, rather than the preponderance of evidence normally required for such a finding in civil cases, a higher standard of proof was required in the case below, such as "clear and convincing" proof required in cases turning on alleged fraud and undue influence, as by public officials or others not a party to the proceeding. The Court of Appeals found that as a consequence of the trial Court's finding, (a) "untoward" litigation had been started or reopened and further, (b) Sun's witnesses had, thereby,

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[3] Barr's cross-appeal is summarily dismissed (Secs. V-VII, A22-24) in most respects, though, after noting Barr's cross-appeal as to whether 35 U.S.C. 285, as well as law and accounting accuracy, warranted the trial Court's computation of reasonable attorneys' fees in the course of allowing them (A7) the Appellate opinion is silent on this question, presumably treating it as moot in view of the reversal of the finding of perjury and deeming the perjury issue as the sole basis upon which the trial Court made the award. Sec. VIII disposes of motions brought by Sun at oral argument.

[4] As distinguished from perjured testimony, the Appellate decision is silent about the fraudulent aspect of documents submitted by Sun, e.g., the Molitor "progress report" of April, 1948, quoted in *National Latex* and copies of which were presented by Sun as bona fide in the Court below—until the "lost" original Trial Ex. OO [A137-138] just happened to be located by Sun near the end of trial and the "raising" of it by marginal notes entered years later was exposed on cross-examination (see trial Court's decision, A65-66, on rehearing, A35-36).

[5] This section of Petitioner's Statement discusses only the prior adjudication of the Molitor patent in *National Latex*

(Continued on following page)

been forced to endure the hardship of a damaging impact on their business and social reputations.

Further, irrespective of the "proper" standard of proof, the Court of Appeals found (Sec. III) that the trial Court's finding of perjury did not meet the minimum standard but was inferred from "flimsy" evidence. The Court of Appeals' major difference was with respect to the trial Court's conclusion from a 1956 letter of a Sun U.S. patent attorney to a Canadian attorney for advice on Canadian patent law; i.e., whereas the trial Court concluded that the statement of the letter that Molitor could not carry his claimed date of invention back of the patent date of a prior Italian patent [October, 1948] but could carry it back of its printing date [June, 1949] meant that Molitor arrived at the process during that interim, the Court of Appeals concluded that "in all likelihood" the attorney wrote the letter "with the *April 1948* date in mind." (A16, emphasis supplied.) In support of Sun's position that Molitor had arrived at the claimed process in April, 1948, the Court of Appeals gave weight to documents which Sun had submitted in connection with its

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and proceedings below. To the extent this petition required explanation with respect to parallel and ancillary suits, as noted in footnotes 1, 3, and 10 of the Court of Appeals' decision (A3, A5, A10-11), petitioner respectfully submits an Addendum at the end of the accompanying appendix. It indicates the incompleteness of the Court of Appeals' notation of other proceedings which were of record or as to which it appears to have taken judicial notice.

The addendum avoids attempted clairvoyance—either (a) as to whether the multiplicity of outbreaks in this "perpetual controversy" is attributable to the trial judge's findings below or to decisions of other judges or Courts and or to the error of the Patent Office in ever granting the Molitor patent, or (b) as to how long these and newer outbreaks will persist while the consequences of a thoroughly invalid and abused patent, even after its expiration, fester and metastasize far beyond the not inconsiderable toy industry under judicial approval of attempting to close the lid on the "Pandora's box" (A23) of such evils.

petition for rehearing before the trial Court and which the trial Court had refused to receive in evidence; documents *extra* the record and submitted at the appeal hearing were also received, over Barr's objection to their admissibility in evidence at any time, "in the obvious interests of justice" and then given weight in the Appellate decision. The 1948 "progress reports," submitted, according to the trial Court (A66), as actually reporting Molitor's reduction of rotational casting to practice were acknowledged by the Court of Appeals, in concurrence with the trial Court's findings, as not doing so, but such documents were treated by the Court of Appeals as credible aids to memory of what they did not report. The Court of Appeals accepted as corroborated the undocumented oral testimonies, none of which testimonies the trial Court had believed, for reasons stated. One of the several affidavits of Smith which the trial Court found as indicating the penchant of Smith for perjury, was quoted in full and held by the Court of Appeals to be "no more than a typical affidavit in support of a claim of no jurisdiction." The Court of Appeals is silent in regard to other examples of perjury noted by the trial Court as involving square conflicts between statements under oath and later statements and documentary evidence. It also avoids comment on the demeanor of the witnesses on the stand, as reported by the trial judge, except to acknowledge his better ability to evaluate their credibility (A20).

The trial Court was criticized [in Sec. IV] for relying so extensively on the record of the prior Ohio litigation. The appellate Court questioned whether Sun had been put on sufficient notice. It was held that if Sun had had adequate notice that "the success of its litigation could conceivably turn on the issue of its perjury" (A22), Sun might have called additional witnesses.

2. FURTHER STATEMENT PURSUANT TO RULE 23; BASIS FOR ANTI-TRUST CLAIMS AND INTERLOCUTORY DENIAL OF SUMMARY JUDGMENT AVERTED TO IN APPELLATE DECISION.

(a) Sun's exploitation of Molitor patent.

The Molitor patent specifically describes its claimed process with respect to toys, but its prediction that it would be useful for a wide variety of industrial and other products was confirmed at trial by various Sun exhibits, including now universally adopted components of automobiles.[6] On the same day it received the Molitor patent, Sun was issued the U. S. patent to Martin & Rekettye, No. 2,629,131, covering a rotational casting machine having automatic loading features; this patent, adjudicated in *National Latex*, was not in suit below.

Sun promptly sought to exploit these 1953 patents; due to the drop in price of vinyl plastisol to the point where it was competitive with rubber latex which had increased in price during the Korean War (A45-46), numerous manufacturers were rotationally casting vinyl plastisols in production or were considering doing so by

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[6] The Court of Appeals attribution of direct advantages of rotationally casting plastisols versus slush casting them (A2-3) is totally devoid of support in *any* record. Rather, in such unacknowledged but practically verbatim quotation from the *National Latex* decision (see 274 F.2d 229 [A110]), the Court of Appeals below confused the two variants of casting plastisols with the Sixth Circuit's comparison of inherent advantages of plastisol over rubber latex as a casting material (by either variant); see 274 F.2d 231-232 (A110-111).

Similarly without support in the record is the Court of Appeals' assumption that commercially successful casting of plastisol has developed from a single step heating operation, rather than dual successive steps. And the unexplained assertion that the Molitor patent covers such a single step operation ignores the trial Court's contrary finding (A52-55) based on the patent itself, its claims and file-wrapper, and Sun's representations in its printed briefs in *National Latex*—except, with respect to the last, to criticize the trial Court for its independent diligence in checking and quoting such source material.

the time the Molitor patent issued. Sun negotiated a license with Hale & Kullgren, Inc.,[7] to design, make, and sell machinery suitable for rotational casting, on the condition that such machines be sold, here and abroad, only to licensees under the Molitor patent and corresponding but still pending foreign patent applications. Concurrently, Sun retained a professional patent licenser, one "Red" Thompson, to solicit these manufacturers—among whom was Barr—to take licenses under the Molitor patent. These several hundred solicitations by correspondence (Trial Ex. 338) and personal calls met with complete failure until B. F. Goodrich Company was approached in August and licensed in October, 1953. One division of Goodrich, Goodrich Chemical Co., supplied Sun's vinyl resin and plasticizer, another, Goodrich Industrial Products Co., rotationally cast syringe bulbs of vinyl plastisols, and a wholly-owned subsidiary, American Anode Inc.,[8] sold plastisols formulated for casting.[9] This license was contrary to the prior advice of Goodrich's house counsel that the Molitor patent was invalid and Goodrich did not use machinery covered by the Martin & Rekettye patent."

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[7] The 1953 license to Hale & Kullgren only lasted two years; as a successor, Sun itself embarked on the sale of casting machinery on the same condition, until it was superseded by McNeil Machine and Engineering Co. (now "McNeil Corporation", "amicus" in the Court of Appeals below, hereafter "McNeil"). McNeil became the exclusive machinery manufacturer and co-licensor of the Molitor process patent as part of the deal by which McNeil refinanced Sun in 1960 to rescue Sun from Chapter 11 Bankruptcy proceedings begun in 1958.

[8] American Anode, whose activity was not turned up in *National Latex*, was found by the District Court below to be a prior user and publicizer of all the Molitor patent claims (A48-49).

[9] Barr had information that the Goodrich deal resulted from the threat of Sun—a major purchaser in 1953 of Goodrich's plastisol resins—to go to another supplier (eventually confirmed by Trial Ex. 270A). Thus, it was alleged in Barr's complaint

(Continued on following page)

Sun has one other license which was entered into before the favorable 1959 decision in *National Latex*. Following the Ohio District Court's decision, affirmed in *National Latex*, Sun granted Wonder Products, Inc. an exclusive license to use the process covered by the Molitor patent for the production of "hobby horses and riding devices." All subsequent licensees have been restricted from using the process to produce such products.[10]

(b) Pre-trial Motion for Summary Judgment Under 35 U.S.C. 185.

At a scheduled October 11, 1965, pre-trial conference,[11] Barr announced that in the course of evaluating depositions recently taken in Toronto, it had reason to believe the corresponding Canadian patent had been filed

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(Continued from preceding page)

that a prior use [American Anode] had been suppressed and that Sun's supplier had taken a license on the condition that Sun buy resins from the so-licensed supplier. But confirmation of this allegation did not open up until the Spring of 1965, when Sun, pursuant to order, produced documents it had previously withheld. Confirmation was capped by Goodrich's production on September 21, 1965, of the long-hand memo of the entire deal (Trial Ex. 272F) and its justification (Trial Ex. 273) by Goodrich's house patent counsel—the same one who had previously pointed to the Molitor patent's invalidity in view of published prior art (including the 1948 Delacoste Italian patent, discussed at length by the trial Court below, A50; A55-62). This latter Goodrich exhibit points out that the disbursements to Sun under the "license" aspect of the deal were not, within Goodrich's corporate structure, to be charged as "royalties" to the Goodrich division operating under the license, but were simply "payments" to be charged to the division, Goodrich Chemical, from which Sun was to continue to buy its unpatented plastisol resins.

[10] Wonder, an initial co-defendant to an anti-trust count, has been allowed to stand aside, pursuant to pre-trial stipulation. The record (Trial Ex. 281) shows that Goodrich refused to formally amend its prior unrestricted license to exclude manufacture of hobby horses but, noting that Wonder used Goodrich resins, assured Wonder it had no intention of entering the field "as long as conditions continued as they had."

in August, 1950, contrary to its statutorily requisite license; promptly thereafter Barr moved for summary judgment of invalidity of the U.S. Molitor patent under 35 U.S.C. § 185. Sun countered by applying to the Commissioner of Patents *ex parte*, and receiving on the same day, a retroactive license sanctioning the unlicensed foreign filing of over fifteen years before and more than a dozen years after the U. S. Molitor patent had issued. Only then did Sun oppose Barr's motion, on the ground that the Canadian filing was [retroactively] licensed. The flurry of proceedings generated by this maneuver of Sun superseded all others in the case until Judge Feinberg rendered his decision of March 9, 1966 (235 F. Supp. 12, A81-103), essentially sanctioning the Commissioner's continued practice of *ex parte* resurrection of such issued patents ever since and despite enactment of 35 U.S.C. 185 declaring them void *ab initio*.

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[1] This pre-trial conference was set by Judge Feinberg's August 11, 1965 memorandum opinion [A104-106]. Among other matters, this denied Barr's motion to join Goodrich and McNeil as anti-trust co-defendants because granting it would delay the trial tentatively set in the memorandum for December. Barr was allowed to take as many of its requested depositions as it was able (19 were taken) but only within the remaining 60 days (effectively 30 because of vacation schedules of witnesses and their attorneys prior to Labor Day). No further discovery was to be taken after such pre-trial conference (nor was allowed thereafter except for one limited issue left open by the later decision on summary judgment [A98]).

For purposes of brevity, therefore, petitioner has omitted from this statement the facts relevant to the related questions provoked by that August 11, 1965 decision, a subsequent interlocutory order, and aspects of the trial and post-trial decisions, such related questions being listed in footnote 2 above.

REASONS FOR GRANTING THE WRIT.

A. THE APPELLATE DECISION BELOW, DEFYING F.R.C.P. RULE 52(a), CONFLICTS WITH AND WOULD UNDERMINE DECISIONS OF THIS COURT WITH RESPECT TO (a) THE INTEGRITY AND POWERS OF FEDERAL COURTS AND (b) THE PUBLIC'S INTEREST IN ELIMINATING SPECIOUS PATENTS.

The oral argument of the appeal below on June 4, 1969, preceded by twelve days the June 16, 1969, decision of this court in *Lear v. Adkins* (395 U.S. 674). It is submitted this did not warrant the Court of Appeals' ignoring this Court's unanimous restatement of a long standing policy as the "* * * public's interest in eliminating specious patents * * *" (395 U.S. 674, n. 19).[12] Further, in 1945, immediately preceding a paraphrase at 324 U.S. 815 of the above policy and its still earlier supporting decisions, this Court, in *Precision Co. v. Automotive Co.* (324 U.S. 806), enjoined Federal Courts to be alert to any fraud and perjury in obtaining and maintaining of patents in order that, as a court of Equity, each such court "* * * not only prevents a wrongdoer from enjoying the fruits of his transgression but averts injury to the public."

It is submitted that, in less than lip-service to Rule 52(a), *Federal Rules of Civil Procedure* (A124-125), the decision of the appellate Court below exhibits a grim determination to subvert the above principles and (together with aspects of decisions of the pre-trial and trial court) thereby to allow Sun and those participating with it to retain the fruits of iniquities to the consequent substantial injury to the public, as follows:

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[12] This principle also served as the overriding basis for a major change in patent law effected by *Lear*. See Mr. Justice Black's dissenting opinion in the 4-4 decision of April 20, 1970, in *Standard Industries v. Tigrette Industries, Inc.*, ____ U.S. ____, 165 U.S.P.Q. 289, wherein the basic policy reiterated in *Lear v. Adkins* is also quoted at 165 U.S.P.Q. 290.

1. Higher degree of proof of perjury and fraud in patent litigation unwarranted. As evident from the trial Court's decision (A37-81) on the issues tried with even-handed alertness and perspicacity throughout the testimony of live witnesses during the seven-week trial and in the consideration of thousands of pages of depositions, the trial judge held Barr, as plaintiff, strictly to its procedural and statutory burden of proof (35 U.S.C. 282) and rejected several of Barr's contentions on patent issues as insufficiently proved despite substantial evidence supporting them (A73-78). This still left Sun's Molitor patent shown to be thoroughly invalid as perfectly obvious under § 103 and fully anticipated under § 102 of the patent statutes (A125-126).

The major impact of the trial Court's decision, however, resides in the further finding (A62-73) that, in its efforts to surmount these first ascertained statutory barriers to its specious patent, Sun stood revealed as having resorted to fraud and perjury as cynically deliberate as any in the annals of Federal patent litigation. Pale by comparison are the notorious deceptions condemned, for example, in *Hazel-Atlas Glass Co. v. Hartford Empire Co.* (1944), 322 U.S. 238, and *Precision Co. v. Automotive Co.* (1945), 324 U.S. 806, as "tampering with the administration of justice" (322 U.S. at 246) and transgressing "public policy against assertion and enforcement of patent claims infected with fraud and perjury" (324 U.S. at 819).

It is to this further finding of perjury and fraud on behalf of Sun which the Court of Appeals has addressed itself, to the practical exclusion of other issues of the appeals before it.

It is respectfully submitted that one only need peruse, cursorily, the trial Court's decision, commencing at Sec-

tion I analyzing the Molitor patent claims on through its sections 1 and 2 dealing with the question of obviousness and anticipation (A28-62), to note this: By the very organization of his decision, the trial judge took care to make it clear that he arrived at his finding of the invalidating obviousness and anticipation of the Molitor patent claims by a dispassionate weighing of the evidence before him in the light of the statutes and their interpretation by this Court, particularly in *Graham v. John Deere Co.* (1966), 383 U.S. 1, and other Federal Courts. In these initial passages the nearest to any impugning of the veracity or *bona fides* of any witness or other evidence is the trial Court's chiding of the technically expert witnesses in proportion to their partisanship with respect to the party who called them. (See A42, n. 5.)

Thus, it is respectfully submitted that the Court of Appeals' conclusion at the outset of its opinion (Sec. I), without the slightest citation of support in the record, that "[it is] inescapable that the finding of perjury and fraud *influenced* the [trial] court's disposition of the other two questions, obviousness and anticipation" (A8, emphasis supplied), is an example of precisely the sort of essays at later-day mind-reading from which trial judges, in exercising their duty of independent evaluation of facts and judgment of credibility of witnesses, are, as well as appellees, intended to be protected by Rule 52(a), F.R. C.P.

Also improperly, the Court of Appeals appears to infer that the trial Court's observation that some of the fraud attempted to be perpetrated before it had infected the Sixth Circuit's *National Latex* decision was the only ground upon which the trial Court relied in its departure from the Sixth Circuit's decision. True, as its *fourth*

ground, the trial Court stated that the same blight of perjury as was demonstrated before it had also appeared in the *National Latex* decision was "Perhaps the most significant point of all diminishing for this court the weight of the Sixth Circuit's decision * * *" (A65). But, under authority of *Jungersen v. Ostby & Barton Co.* (1949), 335 U.S. 560 [see also *Smith v. Hall* (1937), 301 U.S. 216, 218], the trial Court obviously found three preceding grounds supporting such departure, primarily, and starting with the eventual concession by Sun's own expert, in this case, that Molitor was fully anticipated by the Italian Delacoste patent—rejected in *National Latex* as an anticipation on different (and now clearly insufficient) evidence. Further, the trial Court also held that, "* * * upon the inherent incredibility of the testimony (analyzed in relation to the documents) and upon the demeanor of the witnesses" (A66-67), it would have been compelled under the doctrine of "unclean hands" and *Hazel-Atlas, supra*, and *Precision v. Automotive, supra*, to have rejected Sun's counterclaim "* * * even if there had never been a similar case in the Sixth Circuit." (A73.)

In disposing, on rehearing, of the collateral attack later adopted by the appellate court and others which were made by Sun "because the subject is obviously a serious one", the trial Court prefaced its remarks with the observation, "The point [of the tainting of *National Latex* with perjury] may be of secondary importance since it is sufficient and decisive to find as the court has, that there was false testimony here." (A34.)

The untenableness of the Court of Appeals' defiance of Rule 52(a) F.R.C.P. in Sec. I of its decision is made manifest by its need (in Sec. II) to buttress that defiance with the holding that a finding of fraud and perjury in

patent infringement litigation, such as the case below, is subject to a higher quantum of proof than the "preponderance of evidence" test ordinarily applying in civil litigation.[13] The invitation thereby extended by the Court of Appeals to other patentees to lower their scruples despite the warnings of this Court implicit in the *Hazel-Atlas* and *Precision Instrument* cases is more than shocking, it is basically in square conflict with these decisions. The very authorities cited by the Court of Appeals to the effect that the "clear and convincing" test governs a finding of "undue influence" on a public official point up, over and beyond Rule 52 (a), F.R.C.P., the extremely serious burden imposed on, but not met, by the Court of Appeals' concluding that the trial judge was unduly "influenced" in its finding of invalidity of Sun's patent on statutory grounds. Otherwise, it is superfluous to discuss the inappositeness, to the patent infringement case before it, of the authorities cited by the Court of Appeals for such greater quantum of proof. Such inappositeness was made evident by the above-cited unanimous reiteration by this Court, of the "* * * public's interest in the elimination of specious patents * * *." *Lear v. Adkins, supra*, also repeated in the opinion of the 4-4 dissent in *Standard Industries, Inc. v. Tigrette Industries, Inc., supra*.

Manifestly the public's interest in elimination of a patent as specious as the Molitor patent can tolerate no special exception for lying witnesses in patent infringement litigation or maudlin concern for the "* * * hardship Sun and its people have been made to endure" because of the impact of being caught in perjury and fraud

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[13] Petitioner adopts without question the authorities cited by the Court of Appeals for the "preponderance of evidence" test applying in civil cases.

"* * * is likely to have on the business and social reputations of the witnesses." (Court of Appeals decision, n. 10, A10 carried over to A11).[14]

Similarly, with all respect for the Court of Appeals' authority to take judicial notice of pending judicial proceedings *extra* the record (Court of Appeals decision, n. 10 at A10), even if such proceedings in other Courts are to recall the mandates in *National Latex* and to recover royalties and damages as a consequence of Sun's fraudulent maintenance of the Molitor patent, the appellate designation of such consequences as "untoward" is significant, it is submitted, of the fundamental conflict in policy inherent in the appellate decision below and decisions of this Court. First, it impugns the competence of other Courts to handle the business before them and the right of those members of the public who have been most directly injured by a specious patent to seek redress in them. Secondly, if such suits to recover unlawfully extracted royalties are "untoward", then this Court's decisions in *Hazel-Atlas, supra*, and the companion case of *Shawkee Mfg. Co. v. Hartford Empire Co.* (1944) 327 U.S. 271, authorizing such proceedings when a patent was obtained by fraud, were also "untoward".

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[14] That "Sun and its people" have, in fact, endured a hardship as a consequence of the trial Court's finding fraud and perjury, as held by the Court of Appeals, is necessarily a naked assumption *extra* the record, however natural such an extrapolation might otherwise seem. And despite the galaxy of deposition and trial testimony and evidence which was necessitated by the multiplicity of issues in this "unduly distended case" (A23), what the "business and social reputations of the witnesses" might be, or whether they were for honesty or dishonesty, *was not* explored.

2. It would not be reversible error for a trial court to fail to announce the degree of proof upon which it based a finding of fraud and perjury in maintenance of a patent, but it was error for the appellate Court to fail to consider, without remand, the trial Court's finding of invalidity independent of such perjury and fraud. The Court of Appeals essentially concedes (A22) that the trial Court was entitled to take notice of Sun's fraud on its own motion, yet it has criticized that conscientious Court for failing to announce the quantum of proof applied in arriving at its finding of fraud and perjury. Rather than even looking to the trial Court's published decisions stating its concern with the seriousness of the subject (see, e.g. decision on rehearing, A34), the Court of Appeals nakedly assumes, from a thoroughly mistaken allegation of silence by the trial Court, that the trial Court was not clearly convinced and, instead, "that it [the trial Court] applied this normal 'preponderance of evidence' test." (A9).

The total absence of authority that such silence, if true, could justify reversal and remand—and avoidance of the appellate Court's duty to evaluate the validity of the Molitor patent as a matter of public interest—makes it almost beside the point that the criticism of the trial Court for its alleged failure is as groundless in fact as it is in law. The trial Court *did* announce the high standard of proof it applied. See the trial Court's decision on attorneys' fees, in which it notes Sun's attempted shift, at that stage, to minimize the perjury findings on the basis of colloquy at oral argument and then states:

> "The court has, indeed, in this case as in others, contemplated explicitly the possibility that it might be wrong. But such acknowledgments of fallibility ought not to be viewed even as debater's points.

> Whether or not expressions of humility are suitable for judges during exchanges on oral argument, *the point of significance is that the court made its finding on the regrettable subject of perjury only after sober study and thought sufficient to result in a clear and confident* (if not mathematically certain) *judgment that the evidence required it.*" (279 F. Supp. at 50, n.1; A26, n.1 on A27, emphasis supplied.)

It is respectfully submitted that the public interest in eliminating specious patents, *Lear v. Adkins*, *supra*, would exculpate the trial Court from the undeserved criticism by the appellate Court, even if the actual facts did not. Rather, the same public policy points up the default of the Court of Appeals in failing to review the trial Court's finding of invalidity of the Molitor patent on statutory grounds, irrespective of its reservations about the trial Court's findings of fraud and perjury. Further, that any Court of Appeals would fall into such error demonstrates, it is submitted, the need for review of the appellate decision below.

The Court of Appeals' quarrel with some of the documentary bases upon which the trial Court, in addition to the witnesses' demeanor as described, based its findings for perjury and fraud, is no more of an excuse, it is submitted, than a finding of non-infringement would have been for avoiding the recommended practice of ruling on validity, in the public interest, *Sinclair Co. v. Interchemical Corp.* (1945), 325 U.S. 327, 330. Indeed the Court of Appeals comes close to conceding the requirement for such a ruling on the face of its opinion. On the one hand (a) the number of licensees who have paid tribute under the Molitor patent was deemed significant enough to cite (A3); (b) McNeil, as a Sun-licensed machinery manufacturer, appeared before it as *amicus curiae*; and (c) however little

weight is accorded Barr's charge of anti-trust violation in the Sun-Goodrich deal, it is inescapable (i) that Goodrich's interest was the original impetus for Sun's licensing program and (ii) Dr. Quarles, director of plastic research at Union Carbide Co., appeared voluntarily as a fact and expert witness for Barr—thus demonstrating that the impact of the adjudication of validity in *National Latex*, rather than the Molitor patent itself, has reverberated far beyond the toy industry to manufacturers of casting machinery and raw materials for plastics, as a matter of public interest. On the other hand, unless reviewed and reversed, the case is remanded for further trial of all issues pertaining to the patent's validity—thus virtually guaranteeing prolongation of a case already characterized as "unduly distended" (A23).

3. The trial Court's reference to the reported prior appellate decision of adjudication and Sun's printed briefs submitted therefor was not an "improper" exercise of the Court's powers of investigation to ascertain the accuracy of representations being made to it. In its 1946 decision on another patent infringement adjudication tainted with fraud, this Court in *Universal Oil Co. v. Root Ref. Co.*, 328 U.S. 575 at 580 held without qualification (Emphasis supplied):

> "The inherent power of a federal court to investigate whether a judgment was obtained by fraud, *is beyond question. Hazel-Atlas Co. v. Hartford Empire Co.*, 322 U.S. 238. The power to unearth such a fraud is the power to unearth it effectively. Accordingly a federal court may bring before it *by all appropriate means* all those who may be affected by the outcome of its investigation."

Yet the Court of Appeals, in Sec. IV of its decision, flatly challenges the above principles and specifically questions

the power of the trial Court to investigate Sun's positions in *National Latex* in these words (A20-21):

> "Moreover, we question the propriety of the trial court's extensive reliance upon the record of the earlier Ohio litigation without even hinting to the parties that the record would play such a large if not determinative role in the present case. Cf *Ohio Bell Tel. Co. v. Pub. Util. Com'n.*, 301 U.S. 292 (1937). In doing so, the trial judge exceeded the bounds of judicial notice and thereby denied Sun an effective opportunity to object, examine, and rebut the matters noticed."

In addition to being contrary to principles enunciated by this Court, the premises for such unwarranted criticism of the trial Court are erroneous in fact and law.

This Court's *Ohio Bell* case, cited as authority for the criticism, is not merely inapposite but contradicts the Court of Appeals' sympathy for Sun; there the Commission relied on findings in a prior matter in which the telephone company had no part;[15] here, Sun was an active participant in *National Latex* throughout its course. Thus, in face of the record showing that Sun twice pleaded *National Latex* in its Answer and Counterclaim against Barr (R. 5627-5631)—and unless the Court of Appeals challenges the veracity as well as the judgment of the trial judge in reporting in his decision the following: "As

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[15] The raw irony of the *Ohio Bell* citation by the Court of Appeals is that, in its decision (at A17) it has taken judicial notice of and relies on, as one of its grounds for quarreling with the trial Court's findings regarding the 1956 letter of Sun's attorney in evidence below, the trial testimony of a witness and other papers in the prior Ohio litigation *to which Barr was not a party*. Yet, in taking judicial notice, pursuant to Sun's motion at the hearing of the appeal, of such material, the appellate Court, in its footnote 1 (A16), lists Barr's factual grounds for objecting before overruling them "in the obvious interests of justice" [sic]; it omits Barr's reliance on the *Ohio Bell* case in support of such objections.

already mentioned more than once, defendant's [Sun's] victory of almost a decade ago in the Sixth Circuit, *National Latex Products Co. v. Sun Rubber Company, supra*, has been a central subject of this lawsuit. * * * In this Court, defendant has urged at length the heavy weight of those judgments and the burdensome anomaly of having a later decision invalidate a patent upheld so long ago" (A62-63)—what the Court of Appeals' criticism of the trial Court's judicial notice of the *National Latex* record boils down to is a criticism of the trial Court for having accepted Sun's invitation to do so.

The unjustness of the criticism of the trial Court's "extensive reliance" on the record in *National Latex* is revealed by reference to the trial Court's decision. This shows one instance, at A54, when the trial Court quoted from Sun's *brief*, not the record, in *National Latex*, and this related to a point having no bearing on Sun's perjury and fraud but on the scope of the Molitor patent claims.[16] In another instance (A71) the trial Court noted, as one of the reasons for disbelief, in addition to the demeanor of the witnesses, of the story of a midnight call from Molitor to Smith in April, 1948, that Smith had not so testified in the Ohio suit; as stated by the trial judge at the argument on rehearing (R. 12, 790), he had secured from the Sixth

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[16] The quotation was to support the trial Court's finding that, upon examination of the patent and its file history—as required by *Graham v. Deere*, *supra*, at 383 U.S. 25—*and* Sun's still later representations in the Sixth Circuit, the Molitor claims were limited to a two-step heating process; therefore, concluded the trial Court (A53-54) in assaying a major Sun contention in its effort to show some degree of inventiveness in the Molitor process as claimed, Sun's contention that Molitor claimed and covered a one-step, single temperature heating process was an improperly recent and "baseless afterthought." It is to be noted that the Court of Appeals, ignoring the trial Court's findings and, thus, contrary to *Graham v. Deere*, as well as Rule 52(a) F.R.C.P., adopts as a premise that the Molitor patent relates to and was commercially successful because it covers a one-step rather than a two-step heating operation (A2-3).

Circuit a copy of its printed record in *National Latex*—a publically available document which was necessarily within Sun's knowledge long before the suit below commenced. Otherwise, the trial Court's decisions refer only to *National Latex* as reported at 274 F.2d 224—hardly an area of judicial investigation properly censured by the Court of Appeals (see footnote 6, *supra*).

The further premise (See IV A20-22) for criticism of the trial Court—namely, that Sun was not adequately forewarned by the pre-trial order and the passage of Barr's pre-trial brief quoted at A21-22, n. 21 that the issues of fraud would be raised—*would introduce a novel and wholly untenable concept in law that a party's counsel really should be forewarned that the outcome of their case may be affected if the trial judge*, sitting as a court of Equity, *finds that their witnesses have lied under oath*. It, also, is contrary to the record. In Sun's very opening statement at the start of trial on December 5, 1966, it expressly (R. 20) reserved comment on the quoted passage of Barr's pretrial brief; on December 8, 1966, Sun moved to strike Barr's charge of Sun's perjury in maintaining the patent on the grounds that, as an inflammatory charge of a possibly criminal act inappropriate in a patent case, it imposed on Sun's trial counsel "a determination to make as to whether I do something about it or not." The trial Court denied the motion at that stage, with leave to renew if the evidence did not show support (R. 485-488). At no time during continuation of trial in its first two weeks before an 18-day Christmas recess and for five weeks thereafter to its close at 6:00 p.m. on February 3, 1967, did Sun renew the motion or otherwise claim that it had not had sufficient time to call witnesses to refute the charge of which, by his opening statement and motion at the outset of trial, Sun's trial counsel revealed he was thoroughly aware.

To the extent the Court of Appeals finds fault with a portion of the totality of grounds reported by the trial Court for its finding of Sun's fraud and perjury, such contentions in Sec. III of the appellate decision are either without support in the record or contradicted by it. It is not the purpose of this petition to enumerate such factual issues,[17] except as they also serve to conflict with or under-

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[17] Two flatly asserted findings of the Court of Appeals by which it would contradict its trial Court are so plainly wrong and contrary to the record, factually, as to warrant at least footnoting:

(i) The Court of Appeals accepts, at A16, contrary to the District Court's findings, that Molitor's April 20, 1948, progress report related to rotational casting because it mentions "infra-red [heating] lamps" and Molitor had testified he could not recall using such heating lights for anything else. This was Molitor's testimony on direct—on cross he had to admit that these lamps had long been and were still being used at Sun in 1948 for drying paint on dolls (R. 2173); a 1947 Goodrich publication (Trial Ex. 239), which he recalled, had recommended use of plastisol for toys and also suggested infra-red as the source of heat to be used in casting plastisols.

(ii) Disregarding Smith's perfervid deposition testimony and another affidavit denying the "side-deal" for Sun's purchase of Goodrich's material in connection with the Sun-Goodrich license (until contrary documentary evidence turned up—A65; A71, n. 21), the appellate Court averts to Smith's earliest affidavit in this case to support its designation as "flimsy" the trial Court's finding of general incredibility of this witness who endeavored to corroborate Molitor. This earliest Smith affidavit (quoted in full by the appellate Court at A18-19, n. 17) averred that Sun's "only" office and place of business was Barberton, Ohio; it was defended by the appellate Court as "no more than a typical affidavit in support of a claim of no jurisdiction * * * no court has ever found anything stated in it to be factually erroneous but only the conclusions of law the affiant drew from the facts was an unsound conclusion" (A20). In making this flat assertion, the appellate Court would appear to have not referred to the second paragraph of the District Court's 1961 memorandum (A107) reversing itself on the venue and service issues; as its very first finding of several differing from Mr. Smith's statements of fact, that memorandum noted the office in New York City being operated by Sun's agents and designated, with Sun's knowledge and consent, as the "Eastern Division of Sun Rubber Company."

mine a basic principle of patent law on which lower Federal Courts have heretofore concurred—namely, a patentee is under as heavy a burden to establish his alleged date of invention prior to the date of filing his patent application (June, 1950, in the case of Molitor) as an accused infringer must carry in proving anticipation under 35 U.S.C. 102 by prior public use or sale. See *Rooted Hair, Inc. v. Ideal Toy Corp.* (CA 2, 1964, Marshall, *J.*), 329 F.2d 761, and its holding and supporting prior authorities at 329 F.2d 767.

(a) The major (but actually less critical) dispute of the appellate Court with its trial Court revolves around (A11-16) the November 1956 letter of Sun's attorney during the pendency of the corresponding Canadian Molitor patent at the time the Ohio suit on the U. S. patent issued in 1953 was pending, though still over a year from its trial in December, 1957. Why an American attorney, in writing to a Canadian attorney for advice with respect to Canadian patent law, would have in mind an aspect of U. S. Patent Office practice with respect to a U. S. patent that had issued—the concept which Sun succeeded in persuading the appellate Court to read into the document to excuse it from what it says on its face—has not been explained and defies explanation. In any event, there is no basis for that concept in any evidence of record. See the trial Court decision, A68, noting the absence in Sun's lengthy post-trial brief of any explanation for this document. The appellate Court's assumption that Sun's attorney phrased the letter artlessly and "in all likelihood", had an April 1948 date in mind, because an earlier affidavit of Molitor claimed that date for arriving at rotational casting, also assumes that the attorney was not well aware that such self-serving statements by an alleged inventor have long and notori-

ously had no evidentiary weight. In short, the appellate Court both overlooked *Rooted Hair v. Ideal, supra*, and the year that elapsed between Sun's attorney's letter to an associate flatly stating what Sun could and could not prove and the Ohio trial, thereby allowing Sun ample time to "raise" the record of Molitor's April, 1948, "progress report" (A137-138) with fake marginal notes (See A36-37).

(b) Neither named by the Court of Appeals nor shown by the record were the "number of things," by any one of which, the filing of Molitor's June 1950, application could have been reasonably delayed from the claimed April, 1948, date of invention, as held by the Court of Appeals in scouting the relevance of this fact. The valid point, consistent with the burden on a patentee under *Rooted Hair v. Ideal, supra*, for which the trial Court cited this hiatus preceding the indisputable 1950 filing date was this: It is clearly inconsistent with Sun's claimed appreciation of the major and unforgettable breakthrough asserted to have been effected by Molitor's purported discovery of rotational casting and the midnight call to Smith in April 1948 to announce it—which the trial Court also found incredible for other reasons (A69-71).

(c) The more critical excursion of the Court of Appeals into matters *extra* the record and contrary to Sun's representations at trial occurs in the passage of its decision reproduced at A17. There the Court reports an agreement by Sun that the critical April 1948 "progress reports" do not actually show a reduction to practice of rotational casting. Thus, apparently the document should have been viewed, not as directly corroborating documents of what the witness recalled, but as aids to the memory of Molitor's rotational casting by their disclosure of slush casting; accordingly the appellate Court found "* * * that

the inference[15] that these progress reports were changed or in any manner deceptively employed is ill-founded" (A 17). When and where such a stipulation by Sun appears is not stated nor is it apparent from its briefs on appeal. Surely *both* the Sixth Circuit *and* the trial Court did not fall into the error of *self-deception* in reporting Sun's presentation of these documents as showing direct corroboration by their disclosure of rotational casting [See 274 F.2d 232-233 (A111-112) and the District Court's decisions reproduced at A66, A69; A34]. This aspect of the Court of Appeals' decision would alone appear to require review, not so much because of its conflict with the Sixth Circuit's *National Latex* decision on a factual matter critical to the speciousness of the Molitor patent as because of its conflict with and potential hedging of established authorities on the heavy burden on a patentee who attempts to establish a date of invention prior to his application date. The appellate Court's own prior decision in *Rooted Hair v. Ideal, supra,* is, or was, one such leading authority.

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[15] It is submitted that Rule 52(a) does not sanction the derogation to a mere "inference" the trial Court's specific finding, at A36 citing to the record (R. 4874-6), of Smith's admission of the anachronism of the marginal notes on the April 20, 1948, report (A137-138) and, in the same hand, an entry, in Smith's words: "probably * * * made for the trial in Cleveland."

B. ASPECTS OF THE TRIAL COURT'S DECISION AND PRETRIAL INTERLOCUTORY DECISION, ALL AFFIRMED BY THE COURT OF APPEALS, REQUIRE REVIEW BECAUSE OF (a) AN EMASCULATION OF A STATUTE (35 U.S.C. 185), (b) AN UNDERLYING CONFLICT DEVELOPED BETWEEN DECISIONS OF THIS COURT.

4. A patent invalid under 35 U.S.C. 185 may not be validated by retroactive license granted by the Commissioner of Patents, or, if such action is not ultra vires, the doctrine of intervening rights must apply. § 185 of the patent statutes, 35 U.S.C., specifically provides (see A127): "*Notwithstanding any other provision of law* * * *" no person shall receive a U. S. patent if an application for a corresponding patent has been filed in a foreign country without license from the Commissioner of Patents pursuant to § 184 and "*A United States patent issued to such person, his successors, assigns, or legal representatives shall be invalid.*". When it was discovered in 1965 that a Canadian application corresponding to the Molitor patent had been filed in 1950, not merely without the requisite license but contrary to one that had been granted, Barr moved for summary judgment of invalidity under the mandate of the statute. This presented no real obstacle to Sun. Sun simply ran to the Patent Office, applied (*ex parte* and with no notice to Barr) for a retroactive licensing of its allegedly inadvertent breach of fifteen years earlier, and was granted such a license on the same day it asked for it. This allowed Sun to contend that Barr was still faced with continuing to have to contest the validity of a patent that, under the statute, had been invalid for the past dozen years since its issuance in 1953 under the 1952 Patent Act—and still faced with liability for alleged infringement occurring before its disinterment by the U. S. Patent Office in 1965.

It would be superfluous to reiterate here all the issues thus created. Most of Barr's major positions are detailed and turned down in the pre-trial decision of the District Court (Feinberg, *J.*) reported at 253 F. Supp. 12 (1966) reproduced here at A81-104. Barr relied on—and the pre-trial Court rejected as against the weight of authority—the one decision[19] *Minnesota Mining & Mfg. Co. [3M] v. Norton Co.* (N.D. Ohio 1965) 240 F. Supp. 150, which pointed out this: The authority of the Commissioner to issue retroactive licenses under § 184 (the ground given by the Court of Appeals below at A7-8, n. 9) is necessarily limited, by the express language of § 185, to a time before the U. S. patent issues; within recent history and especially under the 1952 Patent Act (35 U.S.C.), once a patent has issued, the Commissioner has no power to act except to correct and/or reissue within the narrow limits of §§ 251-256—not applicable here. Judge Feinberg's prediction that the *3M* case would not hold up was correct; it was reversed on appeal [(CA 6, 1966) 366 F.2d 238, cert. den. 385 U.S. 1005]. 35 U.S.C. 185 has thus been thoroughly emasculated—unless the alleged infringer holds off until trial; see *Thermovac Industries Corp. v. Virtis Co.* (S.D.N.Y. 1968), 285 F. Supp. 113.

But the fact that lower Federal Courts have overridden the clear Congressional mandate of the statute does not make them right—any more than the residual effectiveness of the statute should have to depend upon the time of raising it during suit; i.e., at trial but not in a pre-trial motion for summary judgment. Cf., *Standard v. Tigrette, supra,* ___ U.S. ___, 165 U.S.P.Q. at 289.

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[19] The number of decisions cited by the pre-trial judge as contra to the Ohio District Court's *3M* decision begins to indicate the extent of disregard of the Congressional mandate of § 185.

It is submitted that it is particularly disturbing that lower Courts, in sanctioning the Commissioner's *ultra vires* exercise of power, have not recognized and applied the Equitable doctrine of intervening rights, now codified in all sections, namely, §§ 251-256, of the patent statute expressly permitting correction of a defective patent after issue. This doctrine, sensibly withholding from a patentee any recovery for alleged infringement occurring before the correction, stems from *Miller v. Brass Co.* (1881), 104 U.S. 350. In *Miller v. Brass*, this Court, with proper indignation that a patent had been reissued with a broader claim fifteen years after its granting and the patentee was attempting to enforce it, held the claim void; this was despite the express power of the Commissioner of Patents to correct defective patents, on a showing of inadvertence, by reissuing them under the statute then in effect (which did not include the subsequent statutory limitations on the time in which such reissues could include a broader claim). The language of this Court in 1881 is peculiarly vital and specifically pertinent to this case now before it:

> "The pretense in this case that there was inadvertence and oversight which had escaped the notice of the patentee for fifteen years is too bald for human credence." (104 U.S. 352).

The trial judge, to his credit, evinced some qualms (A76-77), but the Commissioner of Patents, the pre-trial judge, and the Court of Appeals below, have swallowed without blinking the claim of Sun in October, 1965 of an alleged inadvertence and oversight in August, 1950—with odd preciseness the same claim and period of time as disgusted this Court in 1881.

5. If General Talking Pictures v. Western Electric Co. allows a licensee and patentee of a process to agree to limit competition in unpatented articles, that decision of this Court is overdue for limitation or overturn. If Sun and Wonder, in the absence of any patent, had agreed (a) that Sun would not compete with Wonder in making hobby horses, (b) that Sun would require others with whom it entered into contracts to refrain from competing with Wonder and, thus, not with each other, and (c) Goodrich assured Wonder that it, too, would not compete so long as Wonder continued as a user of Goodrich's resins—precisely what has occurred in the exploitation of the Molitor patent—a clearer case of conspiracy to restrain trade and limit competition, in violation of 15 U.S.C. 1, 2 and 14, could not be made out. It is equally clear that plastic hobby horse bodies are unpatented products, irrespective of the process by which they are made—i.e., molded, cast, or carved by hand. It is also clear that none of the four Molitor patent claims relates to hobby horse bodies, as such, or are limited specifically to a method of making such products.

Certainly this Court has made it clear in and ever since *Morton Salt Co. v. Suppiger Co.* (1942), 314 U.S. 488, that an effort by a patentee to extend his monopoly beyond the scope of his grant is an unsanctioned abuse of his patent. Yet the trial Judge below held (A79), and the Court of Appeals summarily affirmed (A24), that *General Talking Pictures Corp. v. Western Electric Co.* (1938), 304 U.S. 175; aff'd. on rehearing, 305 U.S. 124 [sanctioning a division of fields of use for a patented product] effectively shields a process patentee from the anti-trust laws and allows him to grant exclusive rights to make and, thus, to use and sell, for example, one specific type of unpatented hollow article by a general process of making any hollow article—in short, to function as a private sub-patent office

for personal profit. As such, Sun has functioned wholly outside and free of the numerous restraints (including requirements for novelty and unobviousness and payment of fees transferred to the Treasury, to name three) that Congress has endeavored to place on the subject matter for which the public Patent Office may grant exclusive rights.

It is respectfully submitted that the trial Court and the Court of Appeals were wrong in sanctioning a violation of the anti-trust laws and should be reversed—or that a basic conflict between *Morton Salt* and *General Talking Pictures* has been uncovered and review is required to resolve that conflict.

For required brevity, petitioner has eliminated from its statement pursuant to Rule 23(e) the further facts material to the questions listed in footnote 2 above as related questions (due to denial of Barr's cross appeal). Consistent therewith, petitioner here omits the reasons why this Court should review such issues, respectfully requesting leave to argue them in its brief if this petition should be granted.

CONCLUSION.

For the above reasons, a Writ of Certiorari should issue to review the judgment and opinion of the United States Court of Appeals for the Second Circuit in this matter.

Respectfully submitted,

ALBERT L. ELY, JR.,
2404 Terminal Tower,
Cleveland, Ohio 44113,
Counsel for Petitioner.

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